

## UKRAINE: The changing situation and firm theoretical points

Our earlier text on the situation in Ukraine<sup>1</sup> was written almost immediately and published on 27 February 2022. We knew the risk that we ran of seeing this text overtaken by the rapid evolution of events. This is why we publish here a reminder of some firm positions and one point about the evolving situation. This text can be read, therefore, as a supplement to the previous one.

### What is war?

War is the continuation of the peace of capital and *vice versa*. “*War is only the continuation of politics by other means*”, according to Carl von Clausewitz<sup>2</sup>. It responds to two distinct requirements.

**The first** is to compensate for the gap in social productivity of labour relative to other countries and regions, created by the competitive movement of capital as a whole. There are two ways it does this: relaunching capital accumulation by war expenditure *and* destroying the productive capacity of the enemy.

**The second** is to reassert the hold of the state over its territory by patriotic agitation and the militarisation of civil society while resetting the political and military balance of forces with its enemies and their allies. War redraws the map of the world market, redistributes value, and forms and dissolves alliances between countries. Generally, starting modern-day wars (not to be confused with imperialist expeditions such as the wars in Iraq and Afghanistan) falls to the weaker states, like Germany in 1939 or Russia today.

The Russian colonial expedition to Ukraine fits this pattern. However, its global reach remains, for now, limited - apart from for Russia and, obviously, Ukraine. The Kremlin has accumulated sufficient means of payment for a significant military operation lasting several months without having to transform the whole of the Russian economy into a war economy. The direct cost of aggression in Ukraine is estimated at less than \$500 million per day, according to sources close to the Pentagon cited by *Asia Times*<sup>3</sup>. If

the Russian state succeeds in crushing the determination of the Ukrainian population in just a few months, the currency reserves accumulated and really available after the “Western” sanctions (close to \$200 billion, of which two thirds is in gold) will be more than sufficient to cover the war effort. The Slovak think tank Globsec<sup>4</sup> estimates that the war will cut the GDP for the years 2022, 2023 and 2024 by 0.7%, 1% and 1% respectively<sup>5</sup>. Clearly, these estimates have to be taken with a pinch of salt, because everything depends on the development of the hostilities.

### What does the Kremlin want?

The war in Ukraine has several objectives but none of them are immediately economic. It is in this sense that we add the qualifier “colonial” to the Russian undertaking that Ukraine is subjected to.

**The first** consists in confirming Russia as a global military power. This objective is pursued with determination by the regime, practically since the collapse of the USSR in 1991. The list of previous military expeditions is long.

**The second** is to stabilise and reinforce the control of the state over Russian civil society *and* the individual capitals of the country – the Russian state being confronted with recurring contestations, and even strikes here and there. Its productive base is not as solid as its military strength. In summary, it’s a military giant but an economic dwarf, with a fifth of its GDP derived from fossil fuels. Their exports account for 40% of fiscal revenue and make up half of total exports. The Kremlin has seen its consensus eroded in the big cities, as the recent local elections in Moscow showed. After the candidates of the democratic opposition were excluded by judicial means in 2019, the “useful vote” was taken by the CP, the loyal opposition which became the first party of the capital city. Candidates for Putin’s party did not get a majority of votes in any district, against 16 districts won by absolute majority in 2014. The ferocious repression of the democratic opposition is another sign of the direction of travel.

**The third** is to rearm its Western and Southern borders in view of an eventual world conflict.

<sup>1</sup> Bulletin no. 22 “UKRAINE: Russia’s colonial expedition accelerates the course to world war”: <https://mouvement-communiste.com/documents/MC/Leaflets/BLT2202ENvG.pdf>

<sup>2</sup> On War, 1832: <https://www.clausewitz.com/readings/OnWar1873/BK8c.html>

<sup>3</sup> <https://asiatimes.com/2022/03/russias-low-cost-war-can-endure-western-sanctions/>

<sup>4</sup> <https://www.globsec.org/news/ukraine-essential-brief-four/>

<sup>5</sup> <https://www.globsec.org/news/ukraine-the-costs-of-war-russia-faces-crippling-sanctions-as-conflict-expenses-mount/>

**The fourth** is to move the centre of gravity of the Russian economic formation to the East. The economic and diplomatic rapprochement with China is there to see. The invasion of Ukraine is a consequence of the weakness of the Russian economy (the GDP of Russia is more or less equal to that of Benelux<sup>6</sup>), having lost the battle of labour productivity in the European economic region. This represents its main external market (41.3% of its exports; 34.2% of its imports in 2019<sup>7</sup>). Russia is confronted in the short to medium term with the strategic reorientation of the European energy sector – decarbonisation of energy sources, therefore a diminished use of fossil fuels (gas and oil). It is therefore not impossible that the plans to internalise energy sources set out in the EU Next Generation “transition plan” have pushed the Kremlin’s decision to invade Ukraine. In this context, the war in Ukraine (which has lasted almost ten years at low intensity) is only a stage, perhaps even a less important one, in the plans of the Kremlin.

Russia has chosen to reposition itself both economically and geopolitically by turning more to the East and to China as a priority. Russia developed after the fall of Stalinist imperialism by accumulating capital through the export of mineral raw materials, oil and gas, cereals and products of first stage transformation of fossil fuels (basic chemicals, mainly fertilisers) to European countries and North America. The new regime has opened the floodgates for “Western” capital to flow into its productive apparatus. All major Russian non-military exporters have shares in “Western” companies and financial institutions. The Kremlin has also encouraged the influx of foreign direct investment (FDI) in several sectors, especially in durable and non-durable consumer goods, as well as increases in commercial and technological partnerships. The war in Ukraine, shortly preceded by the signing of the alliance with Beijing, whose elements were detailed in our first text, is likely to profoundly modify Russian participation in the world market. The furious reaction of the US probably also marks a point of no return. For the time being, however, it is difficult to draw a more precise picture, since it depends on the progress of the armed conflict. Contrary to the nonsense one reads here and there, the Russian government has considered the end of Russia’s present capitalist development model and has been working for several years on an alternative model.

### **What does Ukraine want?**

The Ukrainian state collapsed in a dozen or so days (to be generous), even before Russia made use

of its full firepower. The Army (the Navy and Air Force have long been out of the picture) is incapable of facing the enemy in large-scale battles. The presence for several days of a long column of Russian armoured vehicles at a standstill some sixty kilometres from Kiev, without being massively attacked, bears witness to this. The army systematically retreats to the urban centres, relying on popular resistance, without which the State would have already capitulated. The difference in firepower does not explain this state of affairs. There are reports of massive surrenders of soldiers (however, one should always be wary of this type of news). Western journalists have not seen any significant army operations after more than two weeks of fighting. What is certain is that Ukraine, which has been at war for nearly a decade, has done nothing to strengthen its air force and navy. However, the Ukrainian army has grown from 130,000 to 209,000 men, plus 900,000 reservists. Military spending has doubled to \$6 billion by 2020, according to the World Bank. To this we can add around \$14 billion coming from NATO between 2014 and 2020 (including \$2.5 billion from the US). Despite these enormous expenditures, the Ukrainian armed forces remain very weak in the vital areas of logistics, military aviation and the navy. There are 11,000 Ukrainian sailors, against 150,000 Russian. The Ukrainian state has been very weak since its creation, with a government which is unstable, inefficient and riddled with corruption. Moreover, the army is the heir to the former Russian army, so it has certainly acted as a brake on any possible project of restructuring. What is certain is that the high command of the Kyiv army is composed of generals trained in the former USSR. The preparation for war was also lacking in terms of logistics (food, energy, medical supplies etc.). The arming of the people, so much praised by Zelensky, was not followed up, apart from the parsimonious distribution of Kalashnikovs. The training of civilian volunteers began after the start of operations. The personal courage shown so far by Zelensky and some members of his close circle cannot mask the collapse of the Ukrainian state machine. Military victory for Russia is only a matter of time. In this context, well understood by the Kyiv government, the only possible outcome for it is to accept a partition of the country (already carried out in practice before the war, in 2014 by the signing of the Minsk protocol) which is even more unfavourable, to renounce joining NATO (guaranteed to Putin by Macron and Scholz before the start of hostilities) and the *de facto* demilitarisation of the country. Politically, on the other hand, Kyiv intends to transform the lost war into a domestic political victory. The patriotism which the population has shown is, in this sense, a step in that direction. The ongoing conflict acts as a catalyst and founding element of the real birth of the Ukrainian nation. The state will come out of it reinforced, without even counting the avalanche

<sup>6</sup> In 2020, Benelux: \$1,501 billion, and Russia: \$1,483 billion.

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[https://www.wto.org/french/res\\_f/statis\\_f/wts2019\\_f/wts2019\\_f.pdf](https://www.wto.org/french/res_f/statis_f/wts2019_f/wts2019_f.pdf)

of financial aid which it will garner from Western countries in the name of reconstruction.

### **What do the Western powers want?**

The Western powers advance in disarray, despite their gestures of unity. They have several common objectives: to avoid an armed confrontation with Russia; to avoid destabilising the world market in oil and gas, and that of grains; blocking Ukraine from joining NATO (even if the US and UK were more willing to talk about it before the war).

**On the diplomatic plane:** Macron and Scholz go to Moscow while it bombards Ukraine, while Biden and Johnson rule out any talks before a cease-fire.

**On the economic plane:** the “sanctions” adopted have seen the members of the EU divided over the embargo on Russian gas<sup>8</sup>, over the exclusion from SWIFT of all Russian banks, over the sending of offensive weapons (Poland, Slovakia, Romania and Bulgaria want to send fighter aircraft) and defensive weapons (first Italy promised supplies then the commitment became vague; the US and UK have been the most rapid while Germany and France drag their feet). In the long term, it is more probable that the downgrading of Russian state debt by the ratings agencies S&P, Moody’s and Fitch has had more effect

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<sup>8</sup> “Considering current market prices, the export value of Russian piped gas to the EU alone amounts to \$400 million per day. Total export revenues for crude oil and refined products currently amount to around \$700 million per day.” Since the start of the war, the EU has tripled its purchases of Russian gas (36 gigawatt hours at the end of February). As for the US, they continue to import 8% of their oil from Russia. With the price of natural gas increasing five times and that of crude oil doubling, the financing of Russia’s budget is going pretty well. Before these surges, exports of oil and gas represented 40% of Russian fiscal revenues. “Revenues from oil and gas-related taxes and export tariffs accounted for 45% of Russia’s federal budget in January 2022. So far, there have been some small disruptions to Russian oil exports, but no impact on gas exports, according to the IEA. With Brent oil prices up from around \$90 per barrel to around \$110 per barrel since the invasion started (and up from \$80 at the end of 2021), Russia has plenty of cash coming in. If there is a discount on Urals crude, it is smaller than the increase in oil prices – so Russian oil exporters are still ahead, financially. Over the past month, the daily value of Russian oil exports has increased by around \$100 million per day (calculated from the IEA estimate of daily Russian exports, multiplied by our estimate of the increase in the effective price for Urals crude). The Russian current-account surplus was about \$19 billion in January 2022, or about 50% higher than is typical for January (in most years, the monthly surplus is \$9-12 billion).”

<https://www.project-syndicate.org/commentary/full-and-immediate-boycott-of-russian-oil-and-gas-by-oleg-ustenko-2022-03>

than the “sanctions”. The risk of default is explicitly mentioned by these three financial institutions<sup>9</sup>.

**On the political plane,** for now only the JEF (Joint Expeditionary Force) countries demand the total withdrawal of Russian troops.

### **What does the population want?**

The Ukrainian population is resisting the invader. And that is only to be expected. The defence of towns and villages is above all the defence of its condition against the dramatic aggravation of it caused by the war. The freedom of a democratic regime is, in their eyes, preferable to a military occupation. The resistance in the larger sense must thus be read as an **armed democracy movement**. Patriotism is the binding and constitutes the main limit of this movement. Beyond that, within the resistance there are paramilitary formations of the Extreme Right, acting with complete impunity and growing popularity, who have shown their combat capacity in the Donbas. The form of the resistance is unfortunately polluted by patriotism. As in Paris during the Commune, the idea is the static defence of territory. As a result, in place of organising highly mobile groups capable of attacking the enemy in its logistical structures and harassing the combat troops, they dig trenches and prepare themselves for a war of fronts. By accepting the form of combat imposed on them by the Russian army (being fixed to the spot and defending territory), they head for massacre by renouncing the only possibility “offered” to them: a mobile war, of harassment and guerrilla action. The illusion that the Ukrainian resistance, thanks to its courage (undeniable) and its patriotism (certainly real) can compete with, stop and push back a professional heavily armed force leads to a catastrophic outcome in the absence (demanded and shouted from the rooftops) of intervention by an external ally (NATO or whoever).

### **And the communists?**

The first duty of communists is to encourage by all means (very feeble today) the democratic armed movement to free itself from the symbolic tutelage of the Ukrainian state, which is already collapsing, by appealing to its proletarian component – the vast majority of the volunteers – to anchor the resistance to the defence of its own interests against its state and

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<sup>9</sup> According to the *Wall Street Journal*, Russia may well fail to pay the interest on its sovereign debt expressed in roubles and maturing in 2024, for the first time since August 1998. 80% of Russia’s local-currency bonds are held domestically and these bondholders can still be paid their coupons. Sovereign debt held by foreigners was estimated at \$25 billion at the end of January. <https://www.wsj.com/livecoverage/russia-ukraine-latest-news-2022-03-03/card/russia-likely-to-miss-interest-payment-for-first-time-since-1998-crisis-pccwVrMGaUjOvw3SDMg7>

its bosses (who will certainly change sides at the first opportunity). We have to mention that the so-called Ukrainian oligarchs are very quiet while the bombs fall... and production continues, where the Russians don't prevent it, in the name of the patriotic effort. As long as a class polarisation does not appear within the popular resistance, communists do not call for the creation of volunteer proletarian brigades fighting for social revolution. This slogan only makes sense if the subordinate classes are providing themselves with their own political and their own armed structures clearly distinct politically and militarily from the popular resistance.

But for all that, communists do not interpret revolutionary defeatism in a pacifist way. The degradation of revolutionary defeatism into pacifism is expressed today by the rejection of critical support to the resistance according to the classic exercise of equating the "belligerents". It is by applying this line that, with few exceptions, the left communists coming out of the Communist International declared straight-away the defeat of the proletariat during the Second World War, retired into their little circles, transformed themselves into sects and cut themselves off from any attempt at proletarian organisation independent of the Stalinists and Social Democrats of the resistance. This policy contributes to the political disarmament of the proletariat and in fact ratifies, within the framework of the present war in Ukraine, the Russian policy of annexation and destruction. Communists also determinedly oppose the "integrated" peace-mongers. These people call on the UN, whose ancestor the League of Nations was called a "cave of brigands" by Lenin, to act as mediator between Russia and Ukraine so as to obtain an immediate cease-fire. This would be equivalent to accepting the annexation of a good quarter of the territory of Ukraine by Russia. This corresponds more or less to the solution pursued on the sly by the handful of official spokesmen for Putin: Naftali Bennett, Recep Tayyip Erdoğan, Olaf Scholz and Emmanuel Macron, chosen by the Moscow butcher as his privileged interlocutors.

In these times, as in the past, peace can only be pursued by the development of the class struggle to the point that it calls into question the dictatorship of capital and its states. Certainly, war makes the flourishing of class struggle more difficult. In the same way, overt dictatorship constitutes a terrain less favourable to class struggle than liberal democracy. However, communists distinguish themselves from sincere democrats, from populations who hope for peace, by their policy which indicates in capitalism and all its state forms, democratic or not, the roots of war, suffering and destruction which devastate the dominated classes above all. Concretely, today as always, to fight for peace thus means to favour by all means the transformation of the capitalist war into class war.

In Ukraine, as anywhere else when capitalist armed conflicts break out, the scenario which is objectively the most favourable to class war stifling capitalist war would be that of a war which continues, accompanied by growing losses in the Russian ranks and where the popular resistance entirely and definitively takes the place of the regular Ukrainian army. The realisation of this scenario would weaken the dying Ukrainian state even more and would produce in Russia a political crisis, indispensable to the appearance of a sustained and massive contestation of the state. Finally, this scenario will increase the contradictions within the so-called "Western" camp and will serve as an example to dissuade Beijing from preparing its annexation of Taiwan.

Brussels, Paris, Prague, 10 March 2022